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CENTRAL INTELLIGENCE GROUP

~~INTELLIGENCE REPORT~~

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COUNTRY Germany (Russian Zone)

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SUBJECT Special Conference of
SMA Industrial Council
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SUPPLEMENT

1. On 1 October the German experts of the SMA Industrial Council were summoned to a conference in an attempt to find ways to prevent further decreases in industrial production. Colonel Ruchkin, Chief of the Reparations Division, presided at the conference.
2. Ruchkin stated that production orders are not being filled on time and that quality of production is very low. Production deficits at present are:

Vehicle industry	62%
Machinery	48%
Smelting	24%
Chemical	26%
Optical	36%
Equipment for army and navy	32%

3. According to Ruchkin, sabotage is an everyday occurrence. Ring-leaders have been arrested and put to work in the mines and the workers warned, but conditions have not improved. Ruchkin therefore has ordered that the smeltery in Thale, where there was a fire due to sabotage, is not to receive any more reparations orders and likewise the foundry, Meier and Weichelt, in Leipzig. All production for the SMA is being transferred to factories in Thuringia, the employees are given a thorough loyalty check and Russian technicians installed as overseers. Anyone found guilty will be treated as a traitor. Ruchkin blamed this sabotage on the machinations of foreign organizations.
4. Ruchkin announced that the German inspecting teams operating under the Industrial Council will receive political instruction. Colonel Tulpanov, who was also present at the conference, is to be in charge of this work. Tulpanov stated that the inspectors will receive political instruction every week in order to be able to answer any embarrassing questions that might be raised by the employees during inspections.

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5. Ruchkin assured his audience that the Russian zone will eventually operate more efficiently than the western zones, although it is impossible to get raw materials from the USSR, where they are needed for the gigantic factories being built there. Ruchkin has ordered the Central Administration of Industry to prepare new plans to apportion parts production to smaller factories so that the Russian zone will be able to fulfill the production plan which he had promised Moscow.

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